



MARAD FACT SHEET



America's Advocate for the Maritime Industry



MARAD serves as an advocate for the U.S. maritime industry to promote America's growth and international competitiveness in a safe and healthy environment.

Associate Administrator

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Office of Shipbuilding



MARAD provides technical assistance to state and local port authorities to facilitate the efficient and secure movement of people and cargo in waterborne commerce.

American shipyards have been at a competitive disadvantage in the world commercial shipbuilding market, largely due to foreign government shipyard subsidies and technological improvements in foreign yards. MARAD works to boost U.S. shipbuilding competitiveness with these exciting programs:



- o Title XI Loan Guarantee Program*
- o National Marine Resource & Education Center*
- o Capital Construction Fund*
- o Construction Reserve Fund*
- o Maritime Energy & Clean Emissions Program*



MARAD maintains the National Defense Reserve Fleet as a source of vessels that can be activated to meet the shipping requirements of the United States during national emergencies.

MARAD's Shipbuilding Programs & Initiatives

Title XI Loan Guarantee Program. Administered by the Secretary of Transportation through the Maritime Administrator, the program provides for a full-faith and credit guarantee by the U.S. Government of debt obligations issued by U.S. or foreign shipowners for the purpose of financing or refinancing either U.S.-flag vessels or eligible export vessels constructed, reconstructed, or reconditioned in U.S. shipyards; or by U.S. shipyards for the purpose of financing advanced shipbuilding technology. In 2002, Title XI applications totaling \$225 million in loan guarantees were approved for projects covering construction of 22 vessels.

National Maritime Resource and Education Center. MARAD established the center as the Government's commercial shipbuilding advocate designed to assist U.S. shipbuilding and allied industries in improving their competitiveness in the international commercial market. NMREC's principal missions are to promote elimination of unnecessary regulation, encourage development and use of consensus technical standards for the maritime industry, and support U.S. participation in both national and international standards-writing organization. Under NMREC, the agency also established the Marine Industry Standards Library to provide technical assistance to U.S. shipbuilders, ship repair facilities, and marine equipment suppliers in obtaining and using copies of domestic and international industry standards. The center also sponsors conferences to assist the agency in engaging in outreach to the shipbuilding industry by providing information and market leads to assist in increasing international sales.

Capital Construction Fund. The fund assists operators in accumulating capital to build, acquire, and reconstruct vessels through the deferral of Federal income taxes. The fund enables operators to build vessels for the U.S. foreign trade, Great Lakes, noncontiguous domestic trade, and the fisheries of the United States. The fund also aids in the construction, reconstruction, or acquisition of a wide variety of vessels, including containerships, tankers, bulk carriers, tugs, barges, supply vessels, ferries, and passenger vessels. Since the program was initiated in 1971, fund holders have deposited \$7.9 billion in CCF accounts, and withdrawn \$5.8 billion for the modernization and expansion of the U.S. merchant marine. During calendar year 2001, \$336.6 million was deposited into these accounts. Approximately 139 companies were parties to CCF agreements as of 12/31/01.

Construction Reserve Fund. The CRF encourages upgrading of the American-flag fleet. The program allows eligible parties to defer taxation of capital gains on the sale or other disposition of a vessel if net proceeds are placed in a CRF and reinvested in a new vessel within three years. The CRF is used predominantly by owners of vessels operating in coastwise trades, the inland waterways, and other trades not eligible for the CCF program. During 2001, 22 companies participated in the CRF with total deposits of \$44.3 million.

Maritime Energy and Clean Emissions Program. This program is designed to accelerate the implementation of energy efficiency and exhaust emission reduction technology through partnerships with the U.S. maritime industry. A five-year program was developed in 2001 and the program contains three major elements: technology demonstration projects, studies, and industry outreach. The primary objective of the program is to demonstrate that air emissions can be reduced by 90 percent by 2005.

For more information on all the Maritime Administration's exciting programs, visit the Internet at:

<http://www.marad.dot.gov>